KING SABATA DALINDYEBO
MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

King Sabata Dalindyebo Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information

Members of the Council

Executive Mayor
Cllr S Mlamli

Speaker
Cllr FV Dondashe

Members of the Executive Committee
Cllr LN Ntlonze (Special Programmes Unit)
Cllr KK Mdikane (PSED)
Cllr Mangxaba Holomisa (Chief Whip)
Cllr BT Mashiyi (Technical Services)
Cllr SS Dawuwa (Budget and Treasury)
Cllr N Ngqongwa (Human Settlements)
Cllr NS Njemla (Community Services)
Cllr M Stoyile (Public Safety)
Cllr MA Mayekiso (Corporate Services)

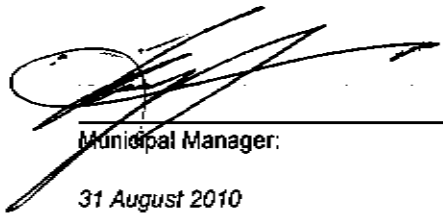
Members
Cllr H Bungqu
Cllr V Dangala
Cllr NR Gcingca
Cllr ON Godololo
Cllr MB Gqithiyeza
Cllr ZM Gusana
Cllr PJ Gwadiso
Cllr DB Gwazela
Cllr AVM Kraai
Cllr N Kuluta
Cllr KN Kwetana
Cllr PN Liwani
Cllr AN Lumkwana
Cllr GN Madubedube
Cllr LR Madyibi
Cllr N Madyibi
Cllr P Mangesi
Cllr PN Mantanga
Cllr M Mapelana
Cllr M Mavukwana
Cllr BM Mbutuma
Cllr N Mda
Cllr M Mkhoteli
Cllr M Mpahlwa
Cllr M Mbutye
Cllr GM Mkupa
Cllr ZN Mncunza
Cllr VC Momoza
Cllr MH Mtirara
Cllr FM Mtwa
Cllr N Mtwa
Cllr WN Mvunge
Cllr NF Mzimane
Cllr GN Ndila
Cllr NA Ndlela
Cllr B Ndlobongela
Cllr MM Ngabayena
Cllr RF Ngqele
Cllr N Ngqongwa
Cllr SS Njemla
Cllr NL Nkosiyane
Cllr HMM Ntshobane
Cllr S Nyengane
Cllr B Pierce
Cllr SS Qina
Cllr E Sangovana
Cllr ZL Siziba
Cllr NA Sobahle
Cllr NF Soldati
Cllr KW Tsipa
Cllr V Vayeke

General information (continued)

Registered Office:	**Mthatha**
Physical address:	**Munitata Building** **Surtherland Street** **Mthatha**
Postal address:	**Private Bag X 5083** **Mthatha** **5099**
Telephone number:	**(047) 501 4000**
Fax number:	**(047) 531 2085**
E-mail address:	**ksd@ksd.org.za**
Grading of Local Authority	**Grade 4**
Auditors	**Auditor General South Africa**
Bankers	**ABSA (Previously Meeg Bank)** **First National Bank**

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 57, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager:

31 August 2010

King Sabata Dalindyebo Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

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King Sabata Dalindyebo Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	2010 R	2009 R
ASSETS			
Current assets		**414 308 593**	**341 585 361**
Cash and cash equivalents	1	22 259 965	30 761 346
Trade and other receivables from exchange transactions	2	165 154 233	162 414 666
Other receivables from non-exchange transactions	3	8 971 529	6 217 419
Inventories	4;10	31 256 841	28 063 120
Call Investment Deposits	5	151 314 489	93 497 533
VAT receivable	13	35 351 536	20 631 276
Non-current assets held for sale	10	-	-
Non-current assets		**671 119 176**	**541 050 134**
Non-current receivables	6	160 181	198 640
Property, plant and equipment	7;10	638 607 106	509 055 893
Intangible assets	8	568 875	12 588
Investment property carried at fair value	9	31 783 013	31 783 013
Total assets		**1 085 427 769**	**882 635 494**
LIABILITIES			
Current liabilities		**164 318 296**	**174 473 411**
Trade and other payables from exchange transactions	11	42 356 979	83 802 241
Consumer deposits	12	947 933	678 396
Unspent conditional grants and receipts	14	106 031 871	75 555 310
Current portion of borrowings	15	4 733 554	4 176 276
Current portion of finance lease liability	16	81 727	94 956
Non-current liabilities held for sale	10	10 166 232	10 166 232
Non-current liabilities		**51 425 941**	**56 439 689**
Non-current borrowings	15	51 077 815	56 009 836
Non-current finance lease liability	16	348 127	429 853
Non-current liabilities held for sale	10	-	-
Total liabilities		**215 744 237**	**230 913 100**
Net assets		**869 683 532**	**651 722 394**
NET ASSETS			
Reserves		88 827 879	88 526 258
Accumulated surplus / (deficit)		780 855 653	563 196 136
Total net assets		**869 683 532**	**651 722 394**

King Sabata Dalindyebo Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2010

	Note	2010 R	2009 R
Revenue			
Property rates	17	117 216 295	61 489 662
Service charges	18	170 480 353	116 289 243
Rental of facilities and equipment	19	10 924 103	10 310 380
Interest earned - external investments	20	2 366 648	1 686 764
Interest earned - outstanding receivables	21	23 382 824	26 750 361
Fines		1 806 240	1 228 919
Licences and permits		11 913 647	7 994 196
Government grants and subsidies - Operating	22	122 175 595	98 993 234
Government grants and subsidies - Capital	22	167 355 870	143 636 567
Other income	23	5 855 617	5 022 393
Total revenue		**633 477 193**	**473 401 721**
Expenses			
Employee related costs	24	180 635 962	165 676 814
Remuneration of councillors	25	15 825 035	12 836 742
Bad debts		12 980 890	31 861 635
Debtors adjustments		8 897 139	6 242 982
Depreciation and amortisation expense	26	15 286 844	26 011 715
Repairs and maintenance		8 421 985	9 117 924
Finance costs	27	5 087 624	1 066 782
Bulk purchases	28	72 031 115	56 606 806
Contracted services	29	2 860 055	2 057 987
Grants and subsidies paid	30	18 727 246	22 404 322
General expenses	31	70 957 409	44 355 935
Total expenses		**411 711 305**	**378 239 645**
Gain/(Loss) on disposal of assets	32	254 395	(986 259)
Surplus / (deficit) for the period		**222 020 282**	**94 175 818**

King Sabata Dalindyebo Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2010

	Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
		R	R	R	R	R
Balance at 30 June 2008		**3 986 164**	**808 498**	**4 794 662**	**408 199 524**	**412 994 186**
Correction of valuation of PPE & Investment Property		121 530 851		**121 530 851**	(2 388 193)	119 142 657
Restated balance 30 June 2008		**125 517 015**	**808 498**	**126 325 513**	**405 811 331**	**532 136 843**
PIC loan write off of accumulated interest				-	57 768 644	57 768 644
Correction of prior period error - DWAF				-	34 495 131	34 495 131
Correction of prior period error - Reversal of provision for bad debts				-	7 136 511	7 136 511
Correction of prior period error - Grant spent recognised in revenue				-	(16 681 376)	(16 681 376)
Correction of prior period error - Grant expenditure housing				-	13 093 240	13 093 240
Other items				-	696 627	696 627
Correction of prior period error - valuation of properties		33 299 790		**33 299 790**	(33 299 790)	-
Movement in reserves			331 894	**331 894**	-	331 894
Surplus / (deficit) for the period				-	94 175 818	94 175 818
Balance at 30 June 2009		**158 816 805**	**1 140 392**	**159 957 197**	**563 196 136**	**723 153 333**
Correction of valuation of Investment Property		**(9 842 939)**		**(9 842 939)**	-	(9 842 939)
Correction of ngangelizwe housing stock		**(61 588 000)**		**(61 588 000)**	-	(61 588 000)
		87 385 866	**1 140 392**	**88 526 258**	**563 196 136**	**651 722 394**
Debtors corrections - prior year				-	(3 450 000)	(3 450 000)
Receipts not banked - 2008				-	(752 896)	(752 896)
Surplus / (deficit) on revaluation of investment property				-	-	-
Other items				-	(157 869)	(157 869)
Movement in reserves		-	301 622	**301 622**	-	301 622
Transfers to / from accumulated surplus/(deficit)				-	-	-
Surplus / (deficit) for the period				-	222 020 282	222 020 282
Balance at 30 June 2010		**87 385 866**	**1 442 014**	**88 827 879**	**780 855 653**	**869 683 533**

King Sabata Dalindyebo Municipality

CASH FLOW STATEMENT

as at 30 June 2010

	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		587 513 786	445 908 421
Cash paid to suppliers and employees		(383 621 230)	(295 120 980)
Cash Generated from operations	34	**203 892 556**	**150 787 441**
Interest received		25 749 471	28 437 126
Interest paid		(5 087 624)	(1 066 782)
Net cash flows from operating activities		**224 554 403**	**178 157 784**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(145 394 423)	(121 899 917)
Proceeds on disposal of property, plant and equipment		254 395	-
Decrease in non-current receivables		38 458	54 268
Increase/decrease in call investment deposits		(57 816 956)	(20 379 243)
Net cash flows from investing activities		**(202 918 526)**	**(142 224 892)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(4 374 744)	(5 106 354)
Repayment/Raising of finance lease liability		(61 727)	524 809
Increase in consumer deposits		205 538	392 282
Increase/(decrease) in Funds and Reserves		(25 886 325)	1 202 220
Net cash flows from financing activities		**(30 137 258)**	**(2 987 043)**
Net increase / (decrease) in net cash and cash equivalents		(8 501 381)	32 945 850
Net cash and cash equivalents at beginning of period		30 761 346	(2 184 504)
Net cash and cash equivalents at end of period	34.3	**22 259 965**	**30 761 346**

King Sabata Dalindyebo Municipality
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2010

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) and in terms of General Notices 991 of 2005 and General Notice 516 of 2008.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENTY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006
GRAP 18 Segment Reporting - issued March 2005
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 103 Heritage Assets - issued July 2008

2 RESERVES

2.1 REVALUATION RESERVE

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains of losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

2.2 SELF INSURANCE RESERVE

A Self-Insurance Reserve has been established and, subject to external insurance where, deemed necessary, covers claims that may occur.

Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

The balance of the Self-Insurance Reserve is fully cash backed and invested.

3 PROPERTY, PLANT AND EQUIPMENT

3.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plan and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revalutaion less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revalutation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

3.3 SUBEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the assel being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

3.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	**Years**	**Other**	**Years**
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	7
Sewerage	15-20	Furniture and fittings	10
		Watercraft	15
Community		Bins and containers	5
Buildings	30	Specialised plant and equipment	15
Recreational Facilities	20-30	Other items of plant and equipment	5
Security	5	Landfill sites	30
Halls	30	Computer equipment	3
Libraries	30		
Parks and gardens	20-30		
Sport Fields	20-30		
Heritage assets		**Finance lease assets**	
Buildings	30	Vehicles	5
Paintings and artifacts	Infinite		

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2 SUBEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

4.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in acounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 INVESTMENT PROPERTY

5.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

5.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are intitially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

9 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

13 LEASES

13.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

13.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

14 REVENUE

14.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

14.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

15 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

16 EMPLOYEE BENEFITS

16.1 SHORT - TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

16.2 TERMINATION BENEFITS

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

16.3 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined Benefit Plans

Defined benefit plans are post-employment benefit plans other than Defined Contibution plans. The defined benefit plans are valued triennually by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Post Employment Medical Care Benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post–retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over the period of employment.

17 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municpality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

	Note	2010 R	2009 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		2 200	2 200
Cash at bank		22 257 765	30 761 730
		22 259 965	30 763 930
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
Meeg Bank - Mthatha: Account Number 4048218780		(3 802 107)	21 864 989
Cash book balance at beginning of year		21 862 406	(13 788 439)
Cash book balance at end of year		(3 802 107)	21 862 406
Bank statement balance at beginning of year		27 802 138	12 179 091
Bank statement balance at end of year		12 670 608	27 802 138
Current Account (Other Account)			
Meeg Bank Cash Focus - Mthatha: Account Number 4053806112		16 439	13 238
Meeg Bank Inter government grant - Mthatha: Account Number 408400474		12 607 319	6 780 981
Meeg Bank Electricity Account - Mthatha Account Number 4061496604		1 677 096	891 688
FNB Electricity Income - Mthatha Account Number 62090323636		11 559 018	1 210 833
Cash book balance at beginning of year		8 898 741	11 601 735
Cash book balance at end of year		26 059 872	8 898 741
Bank statement balance at beginning of year		8 561 979	5 449 720
Bank statement balance at end of year		15 608 604	8 561 979
Cash on hand		2 200	2 200
Total cash and cash equivalents		22 259 965	30 761 346

	Note	2010 R	2009 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	**Gross Balances R**	**Provision for Doubtful Debts R**	**Net Balance R**
Trade receivables			
as at 30 June 2010			
Service debtors			
Rates	89 057 453	(14 402 475)	74 654 978
Electricity	17 772 484	(2 874 187)	14 898 297
Water	-	-	-
Sewerage	-	-	-
Refuse	52 629 484	(8 511 301)	44 118 183
Housing rental	43 162 158	(6 980 234)	36 181 924
Other	(5 605 711)	906 562	(4 699 149)
Total	**197 015 867**	**(31 861 635)**	**165 154 233**
as at 30 June 2009			
Service debtors			
Rates	90 328 545	(6 025 754)	84 302 791
Electricity	10 238 908	(1 679 198)	8 559 710
Water	369 855	(60 857)	309 198
Sewerage	624 389	(102 401)	521 988
Refuse	49 809 887	(8 168 904)	41 640 983
Housing rental	42 293 598	(15 724 497)	26 569 101
Other	611 120	(100 225)	510 895
Total	**194 276 301**	**(31 861 635)**	**162 414 666**

	2010 R	2009 R
Rates: Ageing		
Current (0 – 30 days)	19 175 887	8 607 447
31 - 60 Days	2 643 251	3 489 873
61 - 90 Days	2 853 972	2 727 130
91 - 120 Days	64 384 343	75 504 095
Total	**89 057 453**	**90 328 545**
Electricity		
Current (0 – 30 days)	14 011 786	6 533 453
31 - 60 Days	2 515 737	1 230 337
61 - 90 Days	211 089	646 099
91 - 120 Days	1 033 872	1 829 019
Total	**17 772 484**	**10 238 908**
Water and Sewerage: Ageing		
Current (0 – 30 days)	-	
31 - 60 Days	-	
61 - 90 Days	-	
91 - 120 Days	-	994 243
Total	**-**	**994 243**
Refuse		
Current (0 – 30 days)	11 611 440	3 064 386
31 - 60 Days	1 263 723	1 474 339
61 - 90 Days	1 441 364	1 401 994
91 - 120 Days	38 312 956	43 869 168
Total	**52 629 484**	**49 809 887**
Housing Rentals		
Current (0 – 30 days)	668 342	1 549 936
31 - 60 Days	892 616	1 116 461
61 - 90 Days	886 421	1 095 355
91 - 120 Days	40 716 779	38 531 846
Total	**43 162 158**	**42 293 598**
Other		
Current (0 – 30 days)	(6 604 807)	
31 - 60 Days	146 169	
61 - 90 Days	807 656	
91 - 120 Days	45 070	611 120
Total	**(5 605 711)**	**611 120**

	Note	2010 R	2009 R
Summary of Debtors by Customer Classification	**Consumers**	**Industrial / Commercial**	**National and Provincial Government**
2.1	**R**	**R**	**R**
as at 30 June 2010			
Current (0 – 30 days)	34 545 092	7 200 011	(2 825 198)
31 - 60 Days	6 512 881	687 715	249 263
61 - 90 Days	4 977 045	1 150 307	39 734
91 - 120 Days	128 243 211	15 565 102	670 705
Sub-total	**174 278 229**	**24 603 135**	**(1 865 496)**
Less: Provision for doubtful debts			
Total debtors by customer classification	**174 278 229**	**24 603 135**	**(1 865 496)**
as at 30 June 2009			
Current (0 – 30 days)	4 326 088	2 068 413	
31 - 60 Days	5 769 966	1 218 188	322 855
61 - 90 Days	5 960 619	972 699	94 347
91 - 120 Days	153 682 454	16 962 538	2 900 134
Sub-total	**169 739 128**	**21 219 837**	**3 317 336**
Less: Provision for doubtful debts	(29 695 709)	(1 873 101)	(292 825)
Total debtors by customer classification	**140 043 419**	**19 346 737**	**3 024 511**

	Note	2010 R 2010 R	2009 R 2009 R
2.2 Reconciliation of the doubtful debt provision			
Balance at beginning of the year		31 861 635	74 827 817
Contributions to provision		-	12 960 037
Doubtful debts written off against provision		-	(48 789 708)
Reversal of provision		-	(7 136 511)
Balance at end of year		**31 861 635**	**31 861 635**
Trade and other receivables past due but not impaired			
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2009,		28 180 166	
The ageing of amounts past due but not impaired is as follows:			
1 month past due		14 048 389	
2 months past due		7 849 124	
3 months past due		6 282 653	
Trade and other receivables impaired			
As of 30 June 2010, trade and other receivables of R (2009: R 31 861 635) were impaired and provided for.			
The amount of the provision was R - as of 30 June 2010 (2009: R74 827 817).			
The ageing of these receivables is as follows:		(31 861 635)	(31 861 635)
3 to 6 months			
Over 6 months		(31 861 635)	(31 861 635)

The fair value of trade and other receivables approximates their carrying amounts.

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other debtors		8 971 529	6 217 419
Prepayments		-	-
Total Other Debtors		**8 971 529**	**6 217 419**

4 INVENTORIES

Closing balance of inventories:		**31 256 841**	**28 063 120**
Consumable stores		4 154 262	960 540
Maintenance materials		-	-
Spare parts		744 330	744 330
Water		284 250	284 250
Township houses		26 074 000	26 074 000

	Note	2010	2009
		R	R
5 CALL INVESTMENT DEPOSITS			
Deposits		21 393 386	27 382 504
Call investments		129 921 103	66 115 029
		151 314 489	**93 497 533**

Investment deposits are ring fenced in separate investment accounts for conditional grants.

6 NON-CURRENT RECEIVABLES

Officials : Housing loans		160 181	198 640
Total		**160 181**	**198 640**

HOUSING SELLING SCHEME LOANS
No Housing loans are granted to officials of the municipality anymore. The outstanding amount is recovered from employee salaries

7 PROPERTY, PLANT AND EQUIPMENT

7.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2009	**52 877 921**	**7 690 925**	**315 721 050**	**128 230 965**	**-**	**3 974 081**	**560 950**	**509 055 893**
Cost/Revaluation	52 877 921	16 740 289	411 964 019	146 162 811	-	18 990 338	560 950	647 296 328
Accumulated depreciation and impairment losses	-	(9 049 364)	(96 242 968)	(17 931 846)	-	(15 016 257)	-	(138 240 435)
Acquisitions	-	95 553	18 903 465	-	-	1 382 621	-	20 381 639
Capital under Construction	-	-	3 437 109	121 297 190	-	-	-	**124 734 299**
Depreciation	-	(514 208)	(13 289 581)	(833 779)	-	(642 641)	-	(15 280 208)
Carrying value of disposals	-	-	-	-	-	(78)	-	(78)
Cost/Revaluation	-	-	-	-	-	(56 002)	-	(56 002)
Accumulated depreciation and impairment losses	-	-	-	-	-	55 923	-	55 923
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2010	**52 877 921**	**7 272 270**	**324 772 044**	**248 694 376**	**-**	**4 713 983**	**560 950**	**638 891 544**
Cost/Revaluation	52 877 921	16 835 842	434 304 593	267 460 001	-	20 316 957	560 950	792 356 264
Accumulated depreciation and impairment losses	-	(9 563 572)	(109 532 549)	(18 765 625)	-	(15 602 975)	-	(153 464 720)

Refer to Appendix B for more detail on property, plant and equipment
Property, Plant and Equipment pledged as security
The Munitata Building is pledged as security for the overdraft facility

7.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2008	**57 611 024**	**12 096 732**	**294 113 361**	**52 916 278**	**-**	**5 223 668**	**-**	**421 961 053**
Cost/Revaluation	57 611 024	19 764 289	367 880 735	69 706 609	-	27 433 838	-	542 396 495
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(7 667 557)	(73 767 374)	(16 790 331)	-	(22 210 180)	-	(120 435 442)
Acquisitions		-	5 355 002	-	-	799 481	560 950	6 715 433
Capital under Construction	-	-	36 728 282	76 456 202	-	-	-	115 184 484
Depreciation	-	(1 381 807)	(22 475 595)	(1 141 515)	-	(1 012 799)	-	(26 011 715)
Carrying value of disposals	-	-	-	-	-	**(1 036 259)**	-	**(1 036 269)**
Cost/Revaluation	-	-	-	-	-	(9 242 981)	-	(9 242 981)
Accumulated depreciation and impairment losses	-	-	-	-	-	8 206 722	-	8 206 722
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	(4 733 103)	(3 024 000)	-	-	-	-	-	(7 757 103)
Revaluation	-	-	-	-	-	-	-	-
as at 30 June 2009	**52 877 921**	**7 690 925**	**315 721 050**	**128 230 965**	**-**	**3 974 081**	**560 950**	**509 055 893**
Cost/Revaluation	52 877 921	16 740 289	411 964 019	146 162 811	-	18 990 338	560 950	647 296 328
Accumulated depreciation and impairment losses	-	(9 049 364)	(96 242 968)	(17 931 846)	-	(15 016 257)	-	(138 240 435)

Note

8 INTANGIBLE ASSETS

8.1 Reconciliation of carrying value

	Computer Software R
as at 1 July 2009	12 588
Cost	13 029
Accumulated amortisation and impairment losses	(441)
Acquisitions	278 485
Amortisation	(6 635)
Carrying value of disposals	284 438
Cost	291 514
Accumulated amortisation	(7 076)
Impairment loss/Reversal of impairment loss	-
Transfers	-
Other movements	-
as at 30 June 2010	568 876
Cost	583 028
Accumulated amortisation and impairment losses	(14 152)

8.1 Reconciliation of carrying value

	Computer Software R
as at 1 July 2008	142
Cost	396 636
Accumulated amortisation and impairment losses	(396 494)
Acquisitions	13 029
Amortisation	(441)
Carrying value of disposals	(142)
Cost	(396 636)
Accumulated amortisation	396 494
Impairment loss/Reversal of impairment loss	-
Transfers	-
Other movements	-
as at 30 June 2009	12 588
Cost	13 029
Accumulated amortisation and impairment losses	(441)

Note

9 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

9.1 Reconciliation of fair value	Investment property R	Total R
as at 1 July 2009	31 783 013	31 783 013
Acquisitions	-	-
Fair value adjustment	-	-
Fair value of disposals	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
as at 30 June 2010	31 783 013	31 783 013

9.2 Reconciliation of fair value	Investment property R	Total R
as at 1 July 2008	31 783 013	31 783 013
Transfer from PPE	-	-
Fair value adjustment	-	-
Fair value of disposals	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
as at 30 June 2009	31 783 013	31 783 013

The municipality has the following types of investment properties

- Muncipal Land with commercial improvements The municipality has long term lease agreements of land where improvements are effected by investors for commercial purposes	26 391 952
- Leased business properties These are properties leased to business owners at market related rentals	5 234 000

These properties were valued for the first time in 2009 at their fair market value.

	2010	2009
9.3 Rental income from investment property Lease of commercial land, residential and business properties	7 079 885	7 129 739

Details of valuation

The effective date of the revaluations was 31 January 2009. Revaluations were performed by an independent valuer, Mr KA Boateng, of Messrs Kanyisa Property Management Services. Kanyisa Property Management Services are not connected to the entity and have recent experience in location and category of the investment property being valued.
The valuation was based on open market value for existing use.

	Note	2010 R	2009 R
10 NON-CURRENT ASSETS HELD FOR SALE			
Property, plant and equipment		-	197 396
Other assets - Inventory		-	284 250
		-	481 646
NON-CURRENT LIABILITIES HELD FOR SALE			
Current Liabilities		10 186 232	10 186 232
		10 186 232	10 186 232

The Water and Sanitation function was transferred to the districtct municipality in 2003 in terms of s78 of Systems act. The transfer was not effected accurately in the accounting records an it was not possible to confirm balances until this financial year end. Confirmation has now been received from DWAF on the balance outstanding in their books. KSD has requested the balance to be written off as it should have been transfered when the function was transferred in 2003.

11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		13 089 561	27 514 978
Accruals		(2 307 120)	11 904 662
Insurance Claims		1 738 232	3 308 656
Other Creditors		15 973	4 500
Unclaimed Group Life Assurance		1 656 232	1 627 363
Payments Received in advance		1 075 999	1 075 999
Other Deposits		1 881 933	1 464 741
Unknown deposits		5 303 916	19 349 430
Reversed Stale Cheques		4 458 983	4 458 983
Staff Accrued Leave		15 244 270	12 291 505
Total creditors		**42 358 979**	**83 200 836**

The fair value of trade and other payables approximates their carrying amounts.

12 CONSUMER DEPOSITS			
Electricity		947 933	678 396
Total consumer deposits		**947 933**	**678 396**

No interest accrues on consumer deposits as King Sabata Dalindyebo Municipality is not a deposits-taking organisation in terms of the Banking Act.

13 VAT RECEIVABLE			
VAT receivable		35 351 536	20 631 276

The municipality is registered for VAT on a payments basis

	Note	2010 R	2009 R
14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
14.1 Unspent Conditional Grants from other spheres of Government			
National - Mqanduli Milling Project Grant		857 579	843 895
National: Department of Housing		4 475 185	9 208 873
National: Financial Management Grant		856 788	549 590
National: Municipal Infrastructure Grant		10 298 136	2 804 096
National: National Electrification Grant (NER)		17 638 088	1 638 759
Provincial: Department Of Transport Taxi Rank		8 308 789	8 308 789
Provincial: Disaster Management Grant		4 101 511	3 962 650
Provincial: Intervention grant		1 009 360	1 010 046
Provincial: MTAB Grant		3 397 920	3 296 443
Provincial: Mthatha Stadium		29 134 348	21 261 583
Provincial: Municipal Support Grant (MSP)		565 534	555 622
Provincial: Municipal Systems Improvement Grant		491	713 306
Provincial: Fire Station Refurbishment		3 370 261	2 600 000
Provincial: Organogram		1 000 000	1 000 000
Provincial: Full Maintenance Lease		4 200 000	4 200 000
Provincial: Urban Renewal Grant		16 815 652	13 881 659
Total Unspent Conditional Grants and Receipts		**106 031 871**	**75 555 310**

See Note 22 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

15 BORROWINGS

Local Registered Stock Loans - PIC Loan		47 426 859	51 201 582
Hire Purchase Agreement		429 853	524 809
Annuity Loans		8 384 510	8 984 530
		56 241 222	60 710 921
Less : Current portion transferred to current liabilities		4 815 280	4 271 232
Local Registered Stock Loans		4 082 740	3 774 723
Hire Purchase Agreement - ABSA		81 727	94 956
Annuity Loans - DBSA		650 814	401 553
Total borrowings		51 425 941	56 439 689

Refer to Appendix A for more detail on borrowings.

	Note	2010 R	2009 R

18 FINANCE LEASE LIABILITY

2010 Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	81 727	39 330	42 396
Within two to five years	348 128	52 185	295 943
	429 855	91 515	295 943
Amount due for settlement within 12 months (current portion)			42 396
			338 339

The average lease term is 5 years and the average effective borrowing rate is prime less 1,5%. Obligations under finance leases are secured by the lessor's title to the leased asset.

2009 Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	146 502	52 022	94 480
Within two to five years	531 260	100 931	430 329
	677 762	152 953	524 809
Amount due for settlement within 12 months (current portion)			-
			524 809

The average lease term is 5 years and the average effective borrowing rate is prime less 1,5%. Obligations under finance leases are secured by the lessor's title to the leased asset.

	Note	2010 R	2009 R
17 PROPERTY RATES			
Actual			
Residential		39 948 894	25 810 906
Commercial		32 949 750	15 361 553
Light Industries		2 439 182	5 099 365
State		41 878 490	15 217 839
Total property rates		**117 216 295**	**61 489 662**
Valuations			
Residential		3 781 514 000	1 245 765 585
Commercial		2 507 672 000	692 932 815
Agricultural		6 203 000	2 869 456
State		814 926 000	639 217 130
Exempted properties		2 554 000	35 463 091
Municipal		342 266 500	63 535 707
PSI		3 265 500	-
Open spaces		2 594 500	-
Places of Public Worship		51 918 000	-
Public Benefit Organisations		6 883 000	-
Vacant Land		159 128 500	-
Schools		405 366 000	-
Total Property Valuations		**8 084 283 000**	**2 679 783 784**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations.

A general rate of 0,008 c/R, 0,0160 c/R, 0,022 c/R; 0.008 c/R and 0.0160 c/R is applied during 2009/2010 to property valuations to determine assessment rates for domestic, commercial, state, agricultural and public service infrastructure respectively. The general rate of 0,0265 c/R, 0,0270 c/R, and 0,0345 c/R was applied during 2009/2009.

Rates are levied on an annual basis with the final date of payment being 30 November 2009 for state and other commercial ratepayers and residential customers are levied on a monthly basis. Interest at prime plus 1% per annum is levied on outstanding rates.

18 SERVICE CHARGES			
Sale of electricity		153 557 974	101 435 374
Refuse removal		16 922 379	14 853 869
Total Service Charges		**170 480 353**	**116 289 243**
19 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		392 997	214 934
Rental of equipment		801 098	734 415
Rentals - lease on land		298 276	732 969
Rentals of office space		2 650 122	2 231 293
Rental of houses		6 783 609	6 396 770
Total rentals		**10 924 103**	**10 310 380**
20 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		2 366 648	1 686 764
Total interest		**2 366 648**	**1 686 764**
21 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Outstanding Debtors		23 382 824	26 750 361
Total interest		**23 382 824**	**26 750 361**

	Note	2010 R	2009 R
22 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED AND SPENT			
Capital Grants		**187 355 870**	**143 636 567**
National- Mqanduli Milling Project Grant		-	-
National: Department of Housing and Local Government Grant		-	-
National: Municipal Infrastructure Grant		31 118 666	31 209 590
National: National Electrification Grant (NER)		-	-
National: NDPG		19 098 010	29 626 145
Provincial: Department Of Transport Taxi Rank		-	-
Provincial: MTAB Grant		-	-
Provincial: Mthatha Stadium		117 138 994	82 798 832
Provincial: Full Maintenance Lease		-	-
		-	-
Operational Grants		**122 175 595**	**98 993 234**
Provincial: General Valuation		-	1 120 000
Provincial: Disaster Management Grant		-	892 025
Provincial: Intervention grant		-	-
Provincial: Municipal Support Grant (MSP)		-	-
Provincial: Municipal Systems Improvement Grant		1 456 536	735 000
Provincial: Fire Station Refurbishment		-	-
Provincial: Staff Establishment		-	-
National: Equitable share		100 940 104	78 924 808
National: Financial Management Grant		(9 610)	500 000
Provincial: Capacity Building		1 500 000	-
National: MIG Operating expenditure		1 718 058	-
YAC Point Umsobomvu		(19 857)	166 879
DEDEA Clearing project		-	1 000 000
HIV & Aids		-	60 000
Elections infrastructure programme		-	1 535 500
Municipal Community Partners		-	384 692
Ndul Nature Reserve		(1 430)	453 629
IDP Grant Fund		130 000	110 000
Implementation Capacity to URP		-	-
Institutionalisation of Sustainable KSD Master Plan		2 025 000	-
Light the Pilot Mediа		1 000 000	-
Khupukani Cluster Project		1 740 000	-
Primary Health Subsidy - Department of Health		11 736 795	13 110 501
Total Government Grant and Subsidies		**309 531 465**	**242 629 801**
RECONCILIATION OF GOVERNMENT GRANTS			
CONDITIONAL GRANTS - CAPITAL			
22.1 National- Mqanduli Milling Project Grant			
Balance unspent at beginning of year		843 895	759 253
Current year receipts		13 684	84 642
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 14)		**857 579**	**843 895**
22.2 National: Department of Housing and Local Government Grant			
Balance unspent at beginning of year		4 203 183	3 322 050
Current year receipts		6 339 286	28 483 063
Conditions met - transferred to revenue		(6 066 562)	(27 601 930)
Conditions still to be met - remain liabilities (see note 14)		**4 475 908**	**4 203 183**
22.3 National: Municipal Infrastructure Grant			
Balance unspent at beginning of year		4 095 206	104 133
Current year receipts		47 627 357	18 003 368
Conditions met - transferred to revenue		(39 933 317)	(14 012 295)
Conditions still to be met - remain liabilities (see note 14)		**10 298 136**	**4 095 206**
22.4 National: National Energy Regulator (NER)			
Balance unspent at beginning of year		3 485 053	3 484 770
Current year receipts		6 800 000	-
Conditions met - transferred to revenue		(6 800 000)	283
Conditions still to be met - remain liabilities (see note 14)		**17 838 088**	**3 485 053**

	Note	2010 R	2009 R
22.5 Provincial: Urban Renewal Grant			
Balance unspent at beginning of year		13 881 659	21 356 348
Current year receipts		23 775 385	2 514 100
Conditions met - transferred to revenue		(20 841 192)	(9 988 788)
Conditions still to be met - remain liabilities (see note 14)		**16 815 852**	**13 881 659**
22.6 Provincial: Department Of Transport Taxi Rank			
Balance unspent at beginning of year		8 306 789	9 100 000
Current year receipts		-	-
Conditions met - transferred to revenue		-	(791 211)
Conditions still to be met - remain liabilities (see note 14)		**8 306 789**	**8 308 789**
22.7 Provincial: MTAB Grant			
Balance unspent at beginning of year		3 296 443	3 567 270
Current year receipts		101 477	386 471
Conditions met - transferred to revenue		-	(657 298)
Conditions still to be met - remain liabilities (see note 14)		**3 397 920**	**3 296 443**

	Note	2010 R	2009 R
22.8 Provincial: Mthatha Stadium			
Balance unspent at beginning of year		21 281 583	117 727
Current year receipts		124 991 758	103 962 687
Conditions met - transferred to revenue		(117 138 994)	(82 798 832)
Conditions still to be met - remain liabilities (see note 14)		29 134 348	21 281 583
22.9 Provincial: Full Maintenance Lease			
Balance unspent at beginning of year		4 200 000	-
Current year receipts		-	4 200 000
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 14)		4 200 000	4 200 000
22.10 Provincial: General Valuation			
Balance unspent at beginning of year		-	-
Current year receipts		-	-
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 14)		-	-
22.11 Provincial: Disaster Management Grant			
Balance unspent at beginning of year		3 862 650	3 031 389
Current year receipts		126 361	1 831 262
Conditions met - transferred to revenue		-	-1 000 000
Conditions still to be met - remain liabilities (see note 14)		4 101 511	3 862 650
22.12 Provincial: Intervention grant			
Balance unspent at beginning of year		1 010 046	1 006 701
Current year receipts		-	4 045
Conditions met - transferred to revenue		(666)	(701)
Conditions still to be met - remain liabilities (see note 14)		1 009 380	1 010 046
22.13 Provincial: Municipal Support Grant (MSP)			
Balance unspent at beginning of year		555 622	3 199 509
Current year receipts		(9 912)	104 997
Conditions met - transferred to revenue		-	(2 748 884)
Conditions still to be met - remain liabilities (see note 14)		565 534	555 622
22.14 Provincial: Municipal Systems Improvement Grant			
Balance unspent at beginning of year		713 306	640 307
Current year receipts		8 736	73 000
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 14)		491	713 306
22.15 Provincial: Fire Station Refurbishment			
Balance unspent at beginning of year		2 600 000	-
Current year receipts		770 291	2 600 000
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 14)		3 370 291	2 600 000
22.16 Provincial: Staff Establishment			
Balance unspent at beginning of year		1 000 000	-
Current year receipts		-	1 000 000
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 14)		1 000 000	1 000 000
22.17 National: Equitable share			
Balance unspent at beginning of year		-	-
Current year receipts		100 940 104	78 924 808
Conditions met - transferred to revenue		(100 940 104)	(78 924 808)
Conditions still to be met - remain liabilities (see note 14)		-	-
22.18 National: Financial Management Grant			
Balance unspent at beginning of year		549 590	460 496
Current year receipts		759 197	89 093
Conditions met - transferred to revenue		(450 000)	-
Conditions still to be met - remain liabilities (see note 14)		858 788	549 590
22.19 Provincial:DEDEA Projects			
Balance unspent at beginning of year		-	-
Current year receipts		2 740 000	-
Conditions met - transferred to revenue		-	1
Conditions still to be met - remain liabilities (see note 14)		2 740 000	1
22.20 Provincial: Capacity Building			
Balance unspent at beginning of year		-	-
Current year receipts		1 500 000	-
Conditions met - transferred to revenue		(1 500 000)	-
Conditions still to be met - remain liabilities (see note 14)		-	-

	Note	2010 R	2009 R
23 OTHER INCOME			
Sundry Fees		56 327	21 974
Fire Brigade Fees		2 395 624	2 197 051
Vehicle examination - Road worthy Fees		1 389 570	1 161 001
Cemetery Fees		128 731	234 476
Hire of Hall Furnishings		3 061	6 969
Disconnection: Illegal connections		225 112	94 451
Call out revenue		50 849	26 191
New connections for electricity		260 485	377 344
Sundry revenue		385 989	314 427
Tender fees		220 700	154 300
Meter testing		712 425	434 181
Pound Fees		28 734	-
Insurance claims		20 000	-
Total Other Income		**5 855 617**	**5 022 393**
24 EMPLOYEE RELATED COSTS			
Employee related costs - Salaries and Wages		106 007 238	98 363 472
Employee related costs - Contributions for UIF, pensions and medical aids		35 598 427	31 684 221
Travel, motor car, accommodation, subsistence and other allowances		15 006 228	10 725 107
Housing benefits and allowances		11 499 913	10 364 047
Overtime payments		8 472 665	12 809 807
Performance and other bonuses		30 008	189 178
Long-service awards		2 820 415	2 926 272
Workmens Compensation		1 640 601	-
Skills development levy		1 560 488	614 910
Total Employee Related Costs		**180 635 962**	**165 676 814**
Remuneration of the Municipal Manager			
Annual Remuneration		804 000	895 000
Performance- and other bonuses		-	-
Travel, motor car, accommodation, subsistence and other allowances		91 000	-
Contributions to UIF, Medical and Pension Funds		1 497	1 497
Total		**896 497**	**896 497**
Remuneration of the Chief Finance Officer			
Annual Remuneration		704 000	641 250
Performance- and other bonuses		-	-
Travel, motor car, accommodation, subsistence and other allowances		42 600	47 954
Contributions to UIF, Medical and Pension Funds		1 497	1 497
Total		748 097	690 701

Remuneration of Individual Directors (Appointed in August 2009)	**Technical Services** R	**Corporate Services** R	**Community Services** R
2010			
Annual Remuneration	505 000	481 113	561 532
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	136 876	110 934	14 340
Contributions to UIF, Medical and Pension Funds	1 497	1 373	1 373
Total	**643 373**	**593 420**	**577 245**

	Public Safety R	**Local Economic Development** R
2010		
Annual Remuneration	521 187	537 500
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	82 052	29 869
Contributions to UIF, Medical and Pension Funds	1 373	1 248
Total	**604 591**	**567 737**

	Technical Services R	**Corporate Services** R	**Community Services** R
2009			
Annual Remuneration	505 000	-	-
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	136 876	-	-
Contributions to UIF, Medical and Pension Funds	1 497	-	-
Total	643 373	-	-

	Public Safety R	**Local Economic Development** R
2009		
Annual Remuneration	-	-
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Total	-	-

	Note	2010 R	2009 R
25 REMUNERATION OF COUNCILLORS			
Executive Mayor		623 811	572 985
Speaker		449 312	368 659
Executive Committee Members		3 798 505	2 794 835
Councillors		10 953 407	9 102 263
Total Councillors' Remuneration		**15 825 035**	**12 836 742**
In-kind Benefits			
The Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.			
The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has two full-time bodyguards.			
28 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		15 280 208	28 011 715
Intangible assets		6 635	-
Total Depreciation and Amortisation		**15 286 844**	**28 011 715**
27 FINANCE COSTS			
Borrowings		5 082 866	954 080
Overdue accounts		2 435	95 669
Other		2 324	17 033
Total Finance Costs		**5 087 624**	**1 066 782**
28 BULK PURCHASES			
Electricity		72 031 115	56 606 606
Total Bulk Purchases		**72 031 115**	**56 606 606**
29 CONTRACTED SERVICES			
Security Services		2 860 055	2 057 987
		2 860 055	**2 057 987**
30 GRANTS AND SUBSIDIES PAID			
Grant Expenditure - Disaster Management Grant		320 414	929 027
Grant Expenditure - Financial Managent Grant		939 136	502 616
Grant Expenditure - Municipal Support Programme		412 038	975 045
Grant Expenditure - Indigent Data Base Setup		335	54 728
Grant Expenditure - Capacity Building		1 490 579	-
Grant Expenditure - Staff Establishment		269 482	-
Grant Expenditure - DEDEA -Light the Pilot Media Production		375 774	-
Grant Expenditure - Municipal Community Partnership		390 934	-
Grant Expenditure - Nduli Nature Reserve		362 486	-
Grant Expenditure - H.I.V		45 160	-
Grant Expenditure - DEDEA Clearing project		303 724	187 198
Grant Expenditure - Election infrastructure		-	1 334 000
Grant Expenditure - MSIG		930 266	735 362
Grant Expenditure - URP		647 772	3 825 559
Grant Expenditure - IDP Grant Fund		272 857	337 528
Grant Expenditure - RDP Housing		-	4 274 132
Grant Expenditure - Other		164 907	214 920
Public Expense - Elderly, Children, Disabled, Gender Equality, Youth, Sport		1 604 935	842 809
KSD Contribution - Grant		117 331	1 712 771
KSD Contribution - Ward Based Budgeting		3 232 926	476 102
KSD Contribution - Traditional Leaders		263 528	394 301
Council Ward Committee Meeting Incentive		936 297	354 295
Community Participation		968 397	823 060
Indigent Subsidy		3 919 830	161 845
Free Basic Electricity		663 439	4 225 911
Study Bursaries		70 590	63 474
		18 727 246	**22 404 322**

	Note	2010 R	2009 R
31 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		35 430	88 171
Audit fees		5 009 658	2 660 498
Bank charges		1 001 361	1 039 871
Base Camp campaign		1 212 337	-
Cleaning		1 993 336	4 609 342
Community development		1 207 009	1 189 658
Conferences and delegations		1 017 485	513 418
Consulting fees		2 801 407	2 059 206
Plastic Bags		1 372 680	1 532 105
Discount Allowed		571 441	353 395
Entertainment		204 485	186 669
Fuel and oil		329 385	1 536 364
Gas and Oxygen		11 911	24 625
Insurance		5 777 367	2 506 531
Legal expenses		9 751 018	6 044 194
Levies paid - SALGA		961 635	807 071
Leave Pay accrual		4 092 042	-
Licence fees		90 042	78 490
Membership fees		-	-
Other Expenses		1 574 582	1 654 412
Printing and stationary		1 014 385	1 020 530
Promotions and Sponsorship		640 339	32 613
Prodiba licence card fees		1 534 418	1 760 896
Recruitment Expenses		206 289	395 697
Rental of buildings		382 167	377 072
Rental of office equipment		1 937 973	1 934 333
Rental of Vehicles		4 647 127	622 327
Municipal Service charges		11 879 970	1 625 629
Stocks and material		179 780	999 493
Software Expenses		34 279	26 904
Staff Welfare		145 014	32 423
Subscribtion & publication		17 255	13 436
Telephone cost		6 504 054	4 595 540
Training		777 005	841 506
Travel and subsistence		1 036 696	801 238
Uniforms & overalls		340 785	336 617
Vehicle Registration Fees		131 851	100 872
Valuation costs		563 641	1 974 789
		70 957 409	44 355 935
32 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		(254 396)	988 259
Total Gain / (Loss) on Sale of Assets		(254 396)	988 259
33 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT			
Investment property carried at fair value		-	-
Total Profit / (Loss) on Fair Value Adjustment		-	-

	Note	2010 R	2009 R
34 CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		222 020 282	94 175 818
Adjustment for:-			
Depreciation and amortisation		15 286 844	26 011 715
(Gain) / loss on sale of assets		(254 396)	966 259
Finance costs		5 087 624	1 066 782
Interest earned		(25 749 471)	(28 437 126)
Debtors adjustments		8 897 139	6 242 982
Bad Debts		12 980 890	31 861 635
Operating surplus before working capital changes:		**238 268 914**	**131 908 065**
(Increase)/decrease in inventories		(3 193 721)	(58 926)
(Increase)/decrease in trade receivables		(2 738 566)	13 808 451
(Increase)/decrease in other receivables		(2 754 110)	6 275 030
(Increase)/decrease in VAT receivable		(14 720 260)	(19 139 657)
(Increase)/decrease in non current assets held for sale		-	(481 846)
Increase/(decrease) in conditional grants and receipts		30 476 560	23 299 398
Increase/(decrease) in trade payables		(41 445 262)	29 671 855
Increase / (decrease) in non current liabilities held for sale		-	(34 495 131)
(Decrease)/ increase in provisions		-	-
Cash generated by/(utilised in) operations		**203 892 555**	**150 787 440**
34.1 CASH RECEIVED FROM CUSTOMERS AND GOVERNMENT			
Total Revenue		633 477 193	473 401 722
Adjusted for non-cash items			
Adjusted for items presented separately			
- Interest received on investments		(2 366 648)	(1 886 764)
- Interest received other		(23 382 824)	(26 750 361)
Adjusted for changes in working capital			
- (Increase) / decrease in consumer debtors		(2 738 566)	13 808 451
- (Increase) / decrease in other debtors		(2 754 110)	6 275 030
- (Increase) / decrease in VAT receivable		(14 720 260)	(19 139 657)
		587 513 786	**445 908 421**
34.2 CASH PAID TO SUPPLIERS AND EMPLOYEES			
Total expenditure		(411 456 910)	(379 225 804)
Adjusted for non-cash items			
- Depreciation		15 286 844	26 011 715
- Gain/Loss on disposal of PPE		(254 396)	966 259
- Bad debts		12 980 890	31 861 635
- Debtors adjustments		8 897 139	6 242 982
Adjusted for items presented separately			
- Interest paid		5 087 624	1 066 782
Adjusted for changes in working capital			
- (Increase) / decrease in creditors		(41 445 262)	29 671 855
- (Increase) / decrease in unspent conditional grants		30 476 560	23 299 398
- (Increase) / decrease in provisions		-	-
- (Increase) / decrease in non current liabilities held for sale		-	(34 495 131)
- (Increase)/decrease in non current assets held for sale		-	(481 846)
- Increase / (decrease) in inventory		(3 193 721)	(58 926)
		(383 621 230)	(295 120 980)
34.3 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		22 259 985	30 761 346
Bank overdrafts		-	-
Net cash and cash equivalents (net of bank overdrafts)		**22 259 985**	**30 761 346**

	Note	2010 R	2009 R

35 CHANGE IN ACCOUNTING POLICY

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:

35.1 Provisions

Balance previously reported		
Provision for leave pay		
Reclassified to Trade and other payables		
Total	-	-

35.2 Trade and Other Payables

Balance previously reported		
Transferred to Non-current liabilities held for sale		
Reclassification from provision		-
Total	-	-

35.3 Current Portion of Long-Term Loan

Balance previously reported -		
Reclassified as long term portion - PtC loan renegociated		
Total	-	-

	Note	2010 R	2009 R

36 CORRECTION OF ERROR

	Previously reported	Correction	Restated
Statement of Financial Position			
Inventories	87 662 000	(61 586 000)	26 074 000
Investment property carried at fair value	41 625 952	(9 842 939)	31 783 013
Net effect on assets	129 287 952	(71 430 939)	26 074 000
Net Assets			
Revaluation reserve	159 957 197	(71 430 939)	88 526 258
	159 957 197	(71 430 939)	88 526 258

Properties to be transferred under the discount benefit scheme initially recorded including improvements value per valution roll, now corrected to reflect the site value

Prior year error on investment property calculation - Mthatha Plaza corrected

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

37 DISALLOWED

37.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	-	40 486 363
Unauthorised expenditure current year		
Approved by Council or condoned	-	(40 486 363)
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	-	-

37.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	-	13 704 829
Fruitless and wasteful expenditure current year		
Condoned or written off by Council	-	(13 704 829)
To be recovered – contingent asset (see note 55)		
Fruitless and wasteful expenditure awaiting condonement	-	-

As at 30 June 2010, the municipality incurred R13,7 million due to interest incurred on external borrowings in which the municipality has defaulted. The municipality has subsequently renegotiated the loan where the interest was written off and a revised loan agreement with new terms was finalised with PIC

37.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	2 482 746	10 100 000
Fruitless and wasteful expenditure current year	-	2 482 746
Condoned or written off by Council	(2 482 746)	(10 100 000)
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	-	2 482 746

The irregular expenditure relates to procurement of goods and services that were not in terms of the municipality's policies and procedures

	Note	2010 R	2009 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE 36 MANAGEMENT ACT			
38.1 Contributions to organised local government			
Opening balance		-	
Council subscriptions		1 035 031	840 463
Amount paid - current		(1 035 031)	(840 463)
Amount paid - previous years		-	
Balance unpaid (included in payables)		-	-
38.2 Audit fees			
Opening balance		-	
Current year audit fee		5 009 658	3 003 332
Amount paid - current year		(5 009 658)	(3 003 332)
Amount paid - previous years		-	
Balance unpaid (included in payables)		-	-
38.3 PAYE and UIF			
Opening balance		-	
Current year payroll deductions		21 900 388	20 669 894
Amount paid - current year		(21 900 388)	(20 669 894)
Amount paid - previous years		-	
Balance unpaid (included in payables)		-	-
38.4 Pension and Medical Aid Deductions			
Opening balance		-	
Current year payroll deductions and Council Contributions		48 323 175	43 412 047
Amount paid - current year		(48 323 175)	(43 412 047)
Amount paid - previous years		-	
Balance unpaid (included in payables)		-	-

38.5 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
as at 30 June 2010			
Councillor Ngcobo F.R.S.	23 647	8 522	15 125
Councillor Mvusi OG	627	627	-
Councillor Mashiyi TB	1 415	1 415	-
Councillor Sobahle N	795	795	-
Councillor Dawuwa SS	522	522	-
Councillor Mzimane	12 359	1 137	11 222
Councillor Soldati F.N.	31 540	1 810	29 730
Councillor Pierce	13 704	1 956	11 748
Councillor Ngqongwa	8 369	218	8 151
Councillor Lumkwana A.L.	12 340	5 151	7 189
Councillor Gwadiso J.P.	10 622	2 131	8 491
Councillor Mlamli S	5 328	136	5 191
Total Councillor Arrear Consumer Accounts	**121 268**	**24 420**	**96 848**
as at 30 June 2009			
Councillor Mlandu S.N.	3 576	366	3 210
Councillor Soldati F.N.	22 448	342	22 107
Councillor Pierce	6 348	568	5 780
Councillor Ngqongwa	3 327	37	3 289
Councillor Ngcobo F.R.S.	5 750	2 892	2 858
Councillor Lumkwana A.L.	117	117	-
Councillor Sangovana E.	2 268	26	2 243
Councillor Gwadiso J.P.	1 615	544	1 071
Councillor Mantanga P.N.	8 261	421	7 840
Total Councillor Arrear Consumer Accounts	**53 710**	**5 313**	**48 398**

	Note	2010 R	2009 R
39 CAPITAL COMMITMENTS			
39.1 Commitments in respect of capital expenditure			
- Approved and contracted for		**74 090 608**	**51 770 419**
Infrastructure		18 606 925	12 403 995
Community		55 483 683	39 366 424
- Approved but not yet contracted for		**136 761 070**	**195 522 000**
Infrastructure		114 745 759	50 647 000
Community		19 719 348	143 061 000
Other		2 295 964	1 814 000
Total		**210 851 679**	**247 292 419**
This expenditure will be financed from:			
- Government Grants		163 569 953	245 144 419
- Borrowing		40 000 000	-
- Own resources		7 282 070	2 148 000
		210 852 023	**247 292 419**

	Note	2010 R	2009 R

40 RETIREMENT BENEFIT INFORMATION

40.1 Defined benefit and defined contribution plans

Most councilors and employees belong to 2 defined benefit funds and 4 defined contribution funds administered by Provincial and National Pension Funds. These funds are subject to a triennial actuarial valuation. The last valuation was performed in June 2005 and interim valuations were performed between 2005 and 2006. These valuations indicate that the funds are in a sound financial position. Based on the confirmations received from the fund managers, the estimated liability of the funds is R 19.5 million which is adequately financed by assets of R 178,8 million.

An amount of R14.2 million (2009 : R14.2 million) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

41 CONTINGENT LIABILITY

The Council envisage the following potential liabilities in the form of various litigation and arbitration cases:

- Land claim cases pending in court	-	5 200 000
- Loss claim - Construction company	-	3 500 000
- Accident claim	1 000 000	1 000 000
	1 000 000	9 700 000

The municipality is currently defending all these cases.

Some of the cases are in their final stages and rulings may be made in the next few months
At this stage the probability of being liable for these claims is remote, pending the outcome of the court rulings. The impact is in the delay of the progress of the infrastructure projects

40 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance

Description

DBSA Siyenza Manje programme - 3 Senior officials 8 young professionals

41 RELATED PARTIES

Members of key management
Close family members of key management
Compensation to councillors and other key management (refer to note 24)

Related party balances
Loan accounts - Owing (to) by related parties
There are currently no loans made to related parties

Amounts included in Trade receivable (Trade payable) regarding related parties
Refer to note 38 on councillor's arrear consumer accounts

Related party transactions
There were no related party transactions identified in the current year under review

	Note	2010 R	2009 R

42 EVENTS AFTER THE REPORTING DATE

The municipality has an intention of borrowing R40 million from financial institutions for the upgrade of the electricity infrastructure. The process was initiated during the budget process for the 2010-2012 MTREF period. Council has yet to approve the finalisation of the process.

43 RISK MANAGEMENT

43.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

MeegBank - Call deposit	-	10 000 000
Trade and other receivables	185 154 233	152 414 866

These balances represent the maximum exposure to credit risk.
In the 2008/9 financial year, the municipality was exposed to a guarantee for the overdraft facilities of R14,5 million issued in favour of the Meeg Bank. The Munitata Building was ceded to the bank as security for the overdraft facility.

The overdraft facility was not renewed in the 2009/10 financial year. ABSA bank was requested to cancell the cession of the building as security for the overdraft facility

Trade receivables comprise a widespread customer base. The higest risk lies with outstanding accounts for households

	Note	2010 R	2009 R

43.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	One month and not later than three months	Later than three months and not later than one year
2010		
Gross finance lease obligations	19 581	62 136
Borrowings	181 582	4 551 962
Trade and other payables	10 782 441	31 574 538
Unearned finance charges	275 047	4 493 504

	Later than one year and not later than five years	Later than five years
2010		
Gross finance lease obligations	348 128	-
Borrowings	31 997 453	17 355 063
Trade and other payables	-	-
Unearned finance charges	12 985 122	2 137 026

	One month and not later than three months	Later than three months and not later than one year
2009		
Gross finance lease obligations	23 582	29 572
Borrowings	-	580 227
Trade and other payables		
Other		

	Later than one year and not later than five years	Later than five years
2009		
Gross finance lease obligations	93 336	531 260
Borrowings	9 111 012	38 221 712
Trade and other payables		
Other		

43.3 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits	129 921 103	66 115 029
- Notice deposits	21 393 386	27 382 504
- PIC Loan	47 426 859	51 291 582
- Development Bank of South Africa loan	8 364 510	8 984 530
- Meeg/ABSA lease	429 853	524 809

43.4 Other price risk

The municipality is subject to changes in electricity prices

	Note	2010 R	2009 R

44 RESTATEMENT OF COMPARATIVE INFORMATION

	Previously reported	Adjustment	Restated
Statement of Financial Position:			
Other receivables from non-exchange transactions - Reclassification	2 712 345	3 505 074	6 217 419
Inventories - Correction of an error and reclassification	89 366 870	-61 303 750	28 063 120
Non-current assets held for sale - reclassification to inventory and assets	481 648	-481 648	-
Property, plant and equipment - Reclassification from non- Current assets held for sale	508 858 497	197 396	509 055 893
Investment property carried at fair value - Correction of an error	41 625 952	-9 842 939	31 783 013
Trade and other payables from exchange transactions - Reclassification	80 297 166	3 505 075	83 802 241
	723 342 478	-64 420 790	658 921 688

45 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1)

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King Sabata Dalindyebo Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2010

EXTERNAL LOANS		Loan number	Redeemable Date	Balance at 30 June 2009	Received during the period	Finance charges	Redeemed / written off during the period	Balance at 30 June 2010
				R	R		R	R
LONG-TERM LOANS								
PIC restructured loan agreement			**31 Dec 2018**	51 201 582	-	4 022 112	7 796 835	47 426 859
Total PIC loan at 30 June 2009					-		7 796 835	47 426 859
ANNUITY LOAN								
DBSA		**10 875**	31/03/2018	5 628 540	-	1 030 772	1 160 456	5 498 857
DBSA		13 335	31/12/2020	3 126 506	-	294 824	566 694	2 854 636
				8 755 046	**-**	**1 325 596**	**1 727 149**	**8 353 493**
TOTAL EXTERNAL LOANS								

APPENDIX A
KING SABATA DALINDYEBO MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

Details	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2009	Received during the Period	Finance charges	Redeemed / Write Off during Period	Balance at 30 June 2010	
LEASE LIABILITIES									
MEEG	Prime - 1,5%	3012472131		4 357		36	4 391	3	
MEEG	Prime -1.05%	3012472199		8 709		107	8 810	6	
MEEG	Prime - 1,05%	3012472220		8 747		110	8 850	6	
MEEG		3025908323		503 028	-	49 123	122 282	429 869	
				524 841	-		144 333	429 884	

King Sabata Dalindyebo Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	52 877 921	-	-		52 877 921				-	-	-	-	52 877 921
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	52 877 921	-	-	-	52 877 921	-	-	-	-	-	-	-	52 877 921
Buildings													
Workshops & Depots	1 300 000	95 553			1 395 553	(433 333)	(43 333)			(476 666)			918 887
Vehicle Testing Station	4 536 723				4 536 723	(4 394 605)	(6 823)			(4 401 228)			135 495
Housing schemes	10 903 566				10 903 566	(4 221 426)	(464 251)			(4 685 677)	-		6 217 889
	16 740 289	95 553	-	-	16 835 842	(9 049 364)	(514 208)	-	-	(9 563 572)	-	-	7 272 270
Infrastructure													
Bridges, Subways	82 400				82 400	(9 156)	(2 747)	-	-	(11 903)	-	-	70 497
Bus Terminals	115 000				115 000	(38 333)	(3 833)	-	-	(42 166)	-	-	72 834
Car Parks	10 488				10 488	(39 031)	(350)	-	-	(39 381)	-	-	(28 893)
Electricity: Cable	31 431 838				31 431 838	(1 271 977)	(56 773)	-	-	(1 328 750)	-	-	30 103 088
Electricity: Suppl	175 265 941				175 265 941	(42 485 912)	(1 113 552)	-	-	(43 599 464)	-	-	131 666 477
Electricity: Meter	8 058 621				8 058 621	(3 025 422)	(46 834)	-	-	(3 072 256)	-	-	4 986 365
Fencing	29 828				29 828	(29 767)	-	-	-	(29 767)	-	-	61
Footways	378 937				378 937	(94 336)		-	-	(94 336)	-	-	284 601
Paving	157 532			-	157 532	-	-	-	-	-	-	-	157 532
Public Works	3 858 000				3 858 000	(1 286 000)	(128 600)	-	-	(1 414 600)	-	-	2 443 400
Roads	186 715 436	18 903 465	-	3 437 109	209 056 009	(46 762 767)	(11 688 191)	-	-	(58 450 958)	-	-	150 605 052
Sewers	144 503				144 503	(28 900)	(7 225)	-	-	(36 125)	-	-	108 378
Stormwater	250 000				250 000	(52 604)	(12 500)	-	-	(65 104)	-	-	184 896
Street Lighting	1 174 370			-	1 174 370	(207 200)	(54 432)	-	-	(261 632)	-	-	912 738
Taxiways	4 291 125			-	4 291 125	(911 564)	(174 545)	-	-	(1 086 109)	-	-	3 205 017
	411 984 019	18 903 465	-	3 437 109	434 304 593	(96 242 968)	(13 289 581)	-	-	(109 532 549)	-	-	324 772 044
Community Assets													
Clinics and hospitals	5 795 020			9 960 831	15 755 851	(1 038 457)	(12 900)	-	-	(1 049 357)	-	-	14 706 494
Community centres	15 245 649			8 831 486	24 077 135	(4 597 213)	(491 746)	-	-	(5 088 959)	-	-	18 988 176
Fire Stations	3 608 333				3 608 333	(888 234)	(120 211)	-	-	(1 008 445)	-	-	2 597 888
Libraries	1 498 065				1 498 065	(415 292)	(49 935)	-	-	(465 227)	-	-	1 032 838
Office buildings	32 085 606				32 085 606	(7 317 362)	(5 409)	-	-	(7 322 771)	-	-	24 762 835
Outdoor sports facilities	321 676				321 676	(112 587)	(16 084)	-	-	(128 671)	-	-	193 005
Parks	1 115 000				1 115 000	(334 500)		-	-	(334 500)	-	-	780 500
Public conveniences/ Bathrooms	56 000				56 000	(18 667)	(1 867)	-	-	(20 534)	-	-	35 466
Stadiums	83 686 795			102 504 873	186 191 668	(2 325 819)	(93 293)	-	-	(2 419 112)	-	-	183 772 556
Swimming pools	2 752 667				2 752 667	(885 715)	(42 333)	-	-	(928 048)	-	-	1 824 619
	146 162 811	-	-	121 297 190	267 460 001	(17 931 846)	(833 779)	-	-	(18 765 625)	-	-	248 694 376
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	627 745 040	18 999 018	-	124 734 299	771 478 357	(123 224 178)	(14 637 568)	-	-	(137 861 746)	-	-	633 616 611

King Sabata Dalindyebo Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	627 745 040	18 999 018	-	124 734 299	771 478 357	(123 224 178)	(14 637 568)	-	-	(137 961 746)	-	-	633 616 611
Other Assets													
Air conditioners	106 511	25 140	3 250	-	134 901	(79 908)	(9 021)	(3 249)	-	(91 178)	-	-	43 724
Computer hardware	1 098 670	442 324	39 294	-	1 580 288	(674 598)	(81 705)	(39 275)	-	(795 576)	-	-	784 710
Computer software	13 029	278 485	-	-	291 514	(441)	(6 635)	-	-	(7 076)	-	-	284 438
Equipment:ambulance and med	215 482	-	120	-	215 602	(194 521)	(9 234)	(119)	-	(203 874)	-	-	11 728
Equipment: fire	56 299	-	-	-	56 299	(56 238)	-	-	-	(56 238)	-	-	61
Equipment: Laboratories	30 720	-	-	-	30 720	(30 706)	-	-	-	(30 706)	-	-	14
Equipment : Lawnmowers	476 878	-	-	-	476 878	(476 732)	-	-	-	(476 732)	-	-	146
Equipment: Other	(314 042)	208 915	-	-	(105 127)	347 815	(34 267)	-	-	313 548	-	-	208 421
Equipment : radio	55 092	-	-	-	55 092	(55 051)	-	-	-	(55 051)	-	-	41
Equipment; telecommunications	153 459	-	-	-	153 459	(153 354)	-	-	-	(153 354)	-	-	105
Furniture:cabinets and cupboard	332 364	-	10 914	-	343 279	(300 215)	(13 710)	(10 866)	-	(324 791)	-	-	18 488
Furniture: chairs	249 930	12 814	1 998	-	264 742	(227 603)	(7 496)	(1 990)	-	(237 089)	-	-	27 653
Furniture: other	12 840	-	425	-	13 265	(10 155)	(3 010)	(424)	-	(13 589)	-	-	(324)
Furniture: tables and desks	389 345	292 293	-	-	681 638	(295 275)	(27 839)	-	-	(323 114)	-	-	358 524
Household refuse bins	98 588	401 135	-	-	499 723	(75 691)	(19 621)	-	-	(95 312)	-	-	404 411
Office machines	73 304	-	-	-	73 304	(51 827)	(5 426)	-	-	(57 253)	-	-	16 051
Tip sites	871 661	-	-	-	871 661	(219 126)	-	-	-	(219 126)	-	-	652 535
Vehicles:fire	2 625 451	-	-	-	2 625 451	(973 564)	(160 457)	-	-	(1 134 021)	-	-	1 491 430
Vehicles:graders	362 520	-	-	-	362 520	(314 184)	(36 252)	-	-	(350 436)	-	-	12 084
Vehicles:lawnmowers	297 840	-	-	-	297 840	(224 398)	(42 867)	-	-	(267 265)	-	-	30 575
Vehicles:motorcars	1 232 550	-	-	-	1 232 550	(1 121 490)	(111 441)	-	-	(1 232 931)	-	-	(381)
Vehicles:plant	351 000	-	-	-	351 000	(350 995)	-	-	-	(350 995)	-	-	5
Vehicles:tractors	169 000	-	-	-	169 000	(136 161)	(9 000)	-	-	(145 161)	-	-	23 839
Vehicles:trucks and bakkies	9 592 486	-	-	-	9 592 486	(9 173 187)	(72 295)	-	-	(9 245 482)	-	-	347 004
Other	439 359	-	-	-	439 359	(168 652)	-	-	-	(168 652)	-	-	270 707
	18 990 338	1 661 106	56 002	-	20 707 445	(15 016 257)	(649 276)	(55 923)	-	(15 721 457)	-	-	4 985 989
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	560 950	-	-	-	560 950	-	-	-	-	-	-	-	560 950
	560 950	-	-	-	560 950	-	-	-	-	-	-	-	560 950
Total	**647 296 328**	**20 660 124**	**56 002**	**124 734 299**	**792 746 753**	**(138 240 436)**	**(15 286 844)**	**(55 923)**	-	**(153 583 202)**	-	-	**639 163 550**

King Sabata Dalindyebo Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	57 611 024	-	-	-	57 611 024	-	-	-	-	-	(4 733 103)	-	52 877 921
	57 611 024	-	-	-	57 611 024	-	-	-	-	-	(4 733 103)	-	52 877 921
Buildings													
Worshops & Depots	1 300 000	-	-	-	1 300 000	(390 000)	(43 333)	-	-	(433 333)	-	-	866 667
Vehicle Testing Station	4 536 723	-	-	-	4 536 723	(3 520 382)	(874 223)	-	-	(4 394 605)	-	-	142 118
Housing schemes	13 927 566	-	-	-	13 927 566	(3 757 175)	(464 251)	-	-	(4 221 426)	(3 024 000)	-	6 682 140
	19 764 289	-	-	-	19 764 289	(7 667 557)	(1 381 807)	-	-	(9 049 364)	(3 024 000)	-	7 690 925
Infrastructure													
Bridges, Subways	82 400	-	-	-	82 400	(6 409)	(2 747)	-	-	(9 156)	-	-	73 244
Bus Terminals	115 000	-	-	-	115 000	(34 500)	(3 833)	-	-	(38 333)	-	-	76 667
Car Parks	10 488	-	-	-	10 488	(1 515)	(37 516)	-	-	(39 031)	-	-	(28 543)
Electricity: Cable	31 431 838	-	-	-	31 431 838	(1 271 977)	-	-	-	(1 271 977)	-	-	30 159 861
Electricity: Suppl	169 910 939	5 355 002	-	-	175 265 941	(32 764 282)	(9 721 630)	-	-	(42 485 912)	-	-	132 780 029
Electricity: Meter	8 058 621	-	-	-	8 058 621	(3 025 422)	-	-	-	(3 025 422)	-	-	5 033 199
Fencing	29 828	-	-	-	29 828	(29 767)	-	-	-	(29 767)	-	-	61
Footways	378 937	-	-	-	378 937	(63 823)	(30 513)	-	-	(94 336)	-	-	284 601
Paving	157 532	-	-	-	157 532	-	-	-	-	-	-	-	157 532
Public Works	3 858 000	-	-	-	3 858 000	(1 157 400)	(128 600)	-	-	(1 286 000)	-	-	2 572 000
Roads	148 778 365	-	-	37 937 071	186 715 436	(34 460 714)	(12 302 054)	-	-	(46 762 767)	-	-	139 952 668
Sewers	144 503	-	-	-	144 503	(21 675)	(7 225)	-	-	(28 900)	-	-	115 603
Stormwater	250 000	-	-	-	250 000	(40 104)	(12 500)	-	-	(52 604)	-	-	197 396
Street Lighting	1 174 370	-	-	-	1 174 370	(152 768)	(54 432)	-	-	(207 200)	-	-	967 170
Taxiways	3 499 914	-	-	791 211	4 291 125	(737 019)	(174 545)	-	-	(911 564)	-	-	3 379 561
	367 880 735	5 355 002	-	38 728 282	411 964 019	(73 767 374)	(22 475 595)	-	-	(96 242 968)	-	-	315 721 050
Community Assets													
Clinics and hospitals	3 150 766	-	-	2 644 254	5 795 020	(931 432)	(105 025)	-	-	(1 036 457)	-	-	4 758 563
Community centres Fire stations	15 245 649	-	-	-	15 245 649	(4 089 025)	(508 188)	-	-	(4 597 213)	-	-	10 648 436
Fire Stations	3 606 333	-	-	-	3 606 333	(768 023)	(120 211)	-	-	(888 234)	-	-	2 718 099
Libraries	1 498 065	-	-	-	1 498 065	(365 357)	(49 935)	-	-	(415 292)	-	-	1 082 773
Office buildings	32 085 606	-	-	-	32 085 606	(7 311 953)	(5 409)	-	-	(7 317 362)	-	-	24 768 244
Outdoor sports facilities	321 676	-	-	-	321 676	(96 503)	(16 084)	-	-	(112 587)	-	-	209 089
Parks	1 115 000	-	-	-	1 115 000	(334 500)	-	-	-	(334 500)	-	-	780 500
Public conveniences/ Bathroom	56 000	-	-	-	56 000	(16 800)	(1 867)	-	-	(18 667)	-	-	37 333
Stadiums	9 874 847	-	-	73 811 948	83 686 795	(2 082 779)	(243 040)	-	-	(2 325 819)	-	-	81 360 976
Swimming pools	2 752 667	-	-	-	2 752 667	(793 959)	(91 756)	-	-	(885 715)	-	-	1 866 952
	69 706 609	-	-	76 456 202	146 162 811	(16 790 331)	(1 141 515)	-	-	(17 931 846)	-	-	128 230 965
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	514 962 657	5 355 002	-	115 184 484	635 502 143	(98 225 262)	(24 998 916)	-	-	(123 224 178)	(7 757 103)	-	504 520 862

King Sabata Dalindyebo Municipality

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	514 962 657	5 355 002	-	115 184 484	635 502 143	(98 225 262)	(24 998 916)	-	-	(123 224 178)	(7 757 103)	-	504 520 862
Other Assets													
Air conditioners	214 516	28 899	(136 904)	-	106 511	(214 180)	(2 377)	136 649	-	(79 908)	-	-	26 603
Computer hardware	3 942 812	274 517	(3 118 659)	-	1 098 670	(3 075 108)	(121 754)	2 522 264	-	(674 598)	-	-	424 072
Computer software	396 636	13 029	(396 636)	-	13 029	(396 494)	(441)	396 494	-	(441)	-	-	12 588
Equipment:ambulance and medi	215 482	-	-	-	215 482	(194 521)	-	-	-	(194 521)	-	-	20 961
Equipment: fire	56 299	-	-	-	56 299	(56 238)	-	-	-	(56 238)	-	-	61
Equipment: Laboratories	30 720	-	-	-	30 720	(30 706)	-	-	-	(30 706)	-	-	14
Equipment : Lawnmowers	476 878	-	-	-	476 878	(476 732)	-	-	-	(476 732)	-	-	146
Equipment: Other	2 259 668	44 811	(2 818 521)	-	(314 042)	(1 987 801)	(114 352)	2 449 968	-	347 815	-	-	33 773
Equipment : radio	55 092	-	-	-	55 092	(55 051)	-	-	-	(55 051)	-	-	41
Equipment: telecommunications	153 459	-	-	-	153 459	(153 354)	-	-	-	(153 354)	-	-	105
Furniture:cabinets and cupboard	810 044	63 033	(540 713)	-	332 364	(797 262)	(31 431)	528 478	-	(300 215)	-	-	32 149
Furniture: chairs	804 806	21 006	(575 882)	-	249 930	(801 165)	-	573 562	-	(227 603)	-	-	22 327
Furniture: other	378 640	3 150	(368 950)	-	12 840	(241 365)	(488)	231 698	-	(10 155)	-	-	2 685
Furniture: tables and desks	863 080	93 775	(567 510)	-	389 345	(853 038)	-	557 763	-	(295 275)	-	-	94 070
Household refuse bins	220 752	-	(122 164)	-	98 588	(127 391)	(19 821)	71 321	-	(75 891)	-	-	22 897
Office machines	384 129	25 921	(336 748)	-	73 304	(355 357)	(4 473)	308 003	-	(51 827)	-	-	21 477
Tip sites	900 207	-	(28 546)	-	871 661	(226 183)	-	7 057	-	(219 126)	-	-	652 535
Vehicles:fire	2 625 451	-	-	-	2 625 451	(813 107)	(160 457)	-	-	(973 564)	-	-	1 651 887
Vehicles:graders	362 520	-	-	-	362 520	(277 932)	(36 252)	-	-	(314 184)	-	-	48 336
Vehicles:lawnmowers	297 840	-	-	-	297 840	(164 831)	(59 567)	-	-	(224 398)	-	-	73 442
Vehicles:motorcars	1 269 050	-	(36 500)	-	1 232 550	(990 446)	(167 540)	36 498	-	(1 121 490)	-	-	111 060
Vehicles:plant	444 400	-	(93 400)	-	351 000	(444 382)	-	93 387	-	(350 995)	-	-	5
Vehicles:tractors	169 000	-	-	-	169 000	(136 161)	-	-	-	(136 161)	-	-	32 839
Vehicles:trucks and bakkies	9 662 998	231 338	(301 850)	-	9 592 486	(9 172 723)	(294 046)	293 582	-	(9 173 187)	-	-	419 299
Other	439 359	-	-	-	439 359	(168 652)	-	-	-	(168 652)			270 707
	27 433 838	799 481	(9 242 981)	-	18 990 338	(22 210 180)	(1 012 799)	8 206 722	-	(15 016 257)	-	-	3 974 081
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	560 950	-	-	560 950	-	-	-	-	-	-	-	560 950
	-	560 950	-	-	560 950	-	-	-	-	-	-	-	560 950
Total	**542 396 495**	**6 715 433**	**(9 242 981)**	**115 184 484**	**655 053 431**	**(120 435 442)**	**(26 011 715)**	**8 206 722**	**-**	**(138 240 436)**	**(7 757 103)**	**-**	**509 055 893**

King Sabata Dalindyebo Municipality

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying value
	R	R	R	R	R	R	R	R	R	R
Executive & Council	740 034	-	-		740 034	118 020			118 020	622 014
Finance & Admin	862 228	1 259 971	-	(56 002)	2 066 197	603 705	(649 276)	55 923	10 352	2 055 845
Planning & Development	76 683 499		121 297 190		197 980 689	57 909			57 909	197 922 780
Community & Social Services	161 325	401 135	-		562 460	150 103	(833 779)		(683 676)	1 246 136
Public Safety	31 737		-		31 737	31 658			31 658	79
Corporate Services	426 834		-		426 834	316 025			316 025	110 809
Infrastructure	481 227 844	18 903 465	3 437 109		503 568 418	117 167 452	(13 803 789)		103 363 663	400 204 754
Other	94 919 930	-	-		94 919 930	19 795 563			19 795 563	75 124 367
Total	655 053 431	20 564 571	124 734 299	(56 002)	800 296 299	138 240 435	(15 286 844)	55 923	123 009 515	677 286 784

King Sabata Dalindyebo Municipality

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2010

2009	2009	2009		2010	2010	2010
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
1 535 500	25 715 466	(24 179 966)	Executive & Council	1 500 000	(32 491 040)	(30 991 040)
156 318 280	6 891 633	149 426 647	Finance & Admin	248 981 412	(123 242 035)	125 739 376
1 850 400	11 886 912	(10 036 512)	Planning & Development	25 408 259	(13 378 129)	12 030 130
13 110 501	22 980 561	(9 870 060)	Health	11 716 795	(18 459 899)	(6 743 103)
557 428	13 796 071	(13 238 643)	Community & Social Services	603 709	(13 965 797)	(13 362 088)
30 140 100	17 796 766	12 343 334	Housing	-	1 021 126	1 021 126
12 121 345	47 538 901	(35 417 556)	Public Safety	18 004 885	(50 834 905)	(32 830 019)
73 811 948	73 811 948	-	Sport & Recreation	117 138 994	-	117 138 994
17 629 474	34 308 832	(16 679 358)	Waste Management	17 639 126	(37 311 882)	(19 672 756)
38 091 371	41 092 006	(3 000 635)	Road Transport	35 488 788	(21 759 448)	13 729 340
-	-	-	Water	-	-	-
101 435 374	56 608 806	44 828 568	Electricity	154 807 606	(94 355 672)	60 451 933
		-	Other	2 187 618	(6 933 624)	
446 601 721	352 425 902	94 175 819		633 477 193	(411 711 305)	226 511 893
			Less: Inter-Department Charges			
446 601 721	352 425 902	94 175 819	Total	633 477 193	(411 711 305)	226 511 893

APPENDIX E (1)
ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	117 216 295	104 807 077	12 409 218	12	New Property Valuation, actual exceeded estimate
Service charges	170 480 353	171 662 402	-1 182 049	-1	Refuse removal and Electricity
Rental of facilities and equipment	10 924 103	11 784 226	-860 123	-7	
Interest earned – external investments	2 366 648	2 186 061	180 587	8	Interest included in unspent conditional grants
Interest earned – outstanding debtors	23 382 824	11 586 372	11 796 452	102	Major portion interest on household debt
Fines	1 806 240	1 688 500	117 740	7	
Licensing & permits	11 913 647	9 103 877	2 809 770	31	Increase in rates on licencing fees
Government grants & subsidies	122 175 595	150 656 522	-28 480 927	-19	Operational grants
Government grants & subsidies – capital	167 355 870	-	167 355 870	-	Capital grant spent - Major Stadium and MIG
Other revenue	5 855 617	14 933 431	-9 077 814	-61	Expected VAT refund from SARS, VAT Audit process completed after year end
Total Revenue	**633 477 193**	**478 408 468**	**155 068 725**	**32**	
EXPENDITURE					
Employee related costs	180 635 962	188 332 070	-7 696 108	-4	
Remuneration of councillors	15 825 035	14 347 557	1 477 478	10	
Bad debts	12 980 890	30 659 455	-17 678 565	-58	Provision for indigent debtors raised
Billing adjustments	8 897 139	-	8 897 139	100	Correction of billing errors
Depreciation	15 286 844	26 000 000	-10 713 156	-41	
Repairs & maintenance	8 421 985	24 075 073	-15 653 088	-65	
Finance costs	5 087 624	8 063 000	-2 975 376	-37	PIC and DBSA loans
Bulk purchases	72 031 115	79 962 695	-7 931 580	-10	Check one month
Grants & subsidies paid	18 727 246	9 291 848	9 435 398	50	Grant exp included as general exp in budget
Contracted services	2 860 055	2 583 743	276 312	11	
General expenses	70 957 409	95 593 027	-24 635 618	-26	Grant exp included as general exp in budget
Loss/(Gain) on disposal of assets	-254 395	-500 000	245 605		
Total Expenditure	**411 456 910**	**478 408 468**	**-67 197 163**	**-14**	
NET SURPLUS/(DEFICIT) FOR THE YEAR	**222 020 282**	**-**	**222 265 888**		

APPENDIX F
DISCLOSURE OF GRANTS AND SUBSIDIES

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

GRANT	DONOR	Brought Forward	Quarterly Receipts R'000				Total	Quarterly Expenditure R'000				
			Sep.	Dec.	March	June		Sep.	Dec.	March	June	Total
Equitable Share	DPLG	-	41 864 351	29 708 121	25 118 610		96 691 082	40 746 055	8 734 893	24 704 219	22 505 915	96 691 082
FMG	NT	549 590	750 000		500 000		1 799 590	50 485	5 415	112 921	770 815	939 135
2010 Stadium	DSRAC	21 281 583	120 000 000				141 281 583	13 868 426	25 064 508	27 091 128	46 938 622	116 963 787
NER	NER	1 638 784	16 000 000				17 638 784	867 012	-	-	169 040	1 036 052
Fleet Management	Prov. Treasu	4 200 000					4 200 000	-	-	-		-
Urban Renewal	NT		1 000 000				1 000 000	163 516	196 848	88 450	199 552	651 467
NDPG	NT	13 861 859		3 450 000	20 000 000		37 331 859	4 932 862	9 089 442	1 543 141	4 787 103	19 462 361
Human Capital	Prov. Treasury		1 500 000				1 500 000	-	773 567	705 865	11 138	1 490 570
Cleaning	DEAT	924 399					924 399	200 015	-	10 758	92 951	303 724
Fire Station Refurbishment	Prov. Trea	2 600 000		770 291			3 370 291	81 948		10 896	15 996	108 840
DOT Taxi Rank	DOT	8 308 789					8 308 789	-	-	-	-	-
LED - Ndull Nature Reserve	DEAT	453 629					453 629	-	2 791	-	349 695	352 486
LED - Comm. Partnership	DPLG	384 692					384 692				390 934	390 934
IDP Grant	DPLG			110 000			110 000	104 925	168 033	-	-	272 957
Primary Health Care	DOH		2 753 732	-	6 608 956	2 753 732	12 116 420	3 367 554	3 278 061	3 467 506	3 872 757	13 785 880
General Valuation	DPLG						-	-	-	-	-	-
Municipal Support Program	NT	3 304 905					3 304 905	262 675	-	-	-	262 675
YAC	Umsobom		19 857		15 936		35 793	86 058	58 825	194 140	42 560	381 583
Disaster	DPLG	3 862 650				112 500	3 975 150	1 701	225 636	74 287	18 588	320 414
HIV Aids	DPLG	60 000					60 000	-	-	-	45 160	45 160
MIG Grants	DPLG	2 604 096	2 783 931	4 878 850	3 719 447	10 957 900	32 928 223	9 206 753	5 528 486	3 967 485	6 851 482	25 544 208
Zimbane Housing		485 672	729 318	2 200 197	497 742	1 487 750	5 380 680	1 164 580	2 010 129	658 401	1 507 150	5 340 260
Zimbane Valley Payment Plan		3 335 526	-	2 885 265			6 221 793	1 879 081		3 758 162		5 637 243
Ilitha Housing		1 913 243	1 500 000	396 956	-	545 799	4 356 000	601 232	2 019 376	318 814	884 116	3 823 538
Kuyasa Housing		451 303	495	-	-	404 500	856 298	-	300 000	100 000	-	400 000
Maydene Call a/c		970 216	746 078	-	-	749 132	2 465 426	-	-	-	1 014 983	1 014 983
Waterfall Phase IV		92 283	-	-	-	70 000	162 283	-	-	70 000	-	70 000
Kuyasa Housing Project		5 346	500	-	-	-	5 846	-	-	-	-	-
Kuyasa Housing Project		451 303				404 500	856 803		300 000	100 000		400 000
Ngqwala Rural Housing		349 116					349 116	-	-	-	-	-
Xhugowala Rural Housing		203 390					203 390	-	-	-	-	-
Mabelani Rural Housing		222 008					222 008	-	-	-	-	-
Qunu Rural Housing		486 914					486 914	-	-	-	-	-
Mqanduli Middle Income Housing		333 652					333 652	-	-	-	-	-
Khuphukani				1 740 000			1 740 000	-	-	-	-	-
Light the Pilot				1 000 000			1 000 000	-	-	-	376 774	376 774
Mqanduli Milling Project		843 695					843 695	-	-	-	-	-
							-					-
		74 178 450	186 651 871	38 917 282	55 982 948	20 928 232	366 514 888	78 864 790	61 348 335	67 166 865	99 979 357	294 989 347